

**CORPORATE SERVICES REPORTS**

**FINALISATION OF 2008/09 SPECIAL RATE VARIATION**

**1602/013**

**RESOLVED:**

1. That Council inform the OLG of its intention to conclude the 2008/09 Special Rate Variation 2 years earlier than planned following finalisation of the Community Centre project within financial projections;
2. That Council reduce its general income in 2016/17 rating year by \$275,415 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2008/09 to 2015/16 rating years inclusive. (Radburn/Ewin)

**12) FINALISATION OF 2008/09 SPECIAL RATE VARIATION**

**Department:** Corporate Services

**Author:** Director Corporate Services

**CSP Link:** 6.3 A well-run Council organisation.

**File No:** RV.PO.2

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**Recommendation:**

1. That Council inform the OLG of its intention to conclude the 2008/09 Special Rate Variation 2 years earlier than planned following finalisation of the Community Centre project within financial projections;
2. That Council reduce its general income in 2016/17 rating year by \$275,415 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2008/09 to 2015/16 rating years inclusive.

**Reason for Report:**

To report to Council the finalisation of the 2008/09 Special Rate Variation for the Community Centre and to seek endorsement of future direction.

**Report:**

In June 2008 Council obtained approval for a Special Rate Variation (SRV) for the Blayney Shire Community Centre project. The increase approved for commencement in 2008/09 was 11.42% to general income that included a special increase of \$275,415 (8.19%) for the above project.

The term of the SRV was for a period of 10 years with its expiry scheduled for 30 June 2018. All revenue generated must be used for the expressed purpose of the special variation. With the project being finalised well within budget projections Council had previously undertaken to conclude the SRV early. In June 2016 Council will finalise the internal loan for the Community Centre that will finalise all project expenditure.

The Instrument of Approval under section 508(2) of the Local Government Act (1993) issued in 2008 stipulates the following:

- ii) The Council will reduce its general income in 2018/19 rating year by \$275,415 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2008/09 to 2017/18 rating years inclusive.*

A review of past Council plans incorporating proposed rating structures indicate that no increases to this special variation were effected. Council's direction is now sought on this matter and how Council is to proceed.

A copy of the adopted 2008/09 Rating Structure from the 2008 - 2013 Management Plan and the Instrument of Approval, are provided as attachments to this report.

**Issues:**

The application of the 2007/08 SRV was applied as an increase to the base rate of all rating categories so as to apply the same increase in dollar terms to all property owners. The proposed reduction in 2016/17, if approved, will see a reduction to the Base Rates within each rating category.

**Budget Implications:**

A reduction to General Purpose Revenues of an amount equivalent to the approved special rate variation increase of 2008/09 will be effected in 2016/17. This will have no impact upon Council as these funds were quarantined for the approved purpose. Council's Long Term Financial Plan has provision for this event.

**Enclosures (following report)**

1	Instrument of Approval	1 Page
2	2008/09 Rating Structure	3 Pages

**Attachments (separate document)**

Nil



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OUR REFERENCE Doc ID: A142609  
 YOUR REFERENCE  
 CONTACT Sarah Gubb



Mr Andrew Roach  
 General Manager  
 Blayney Shire Council  
 PO Box 62  
 BLAYNEY NSW 2799

22 JUL 2009

Dear Mr Roach

I refer to Council's application for a special variation to general income for 2008/09.

The Minister has approved of the Council increasing its general income by 11.42%. Therefore, Council's general income is determined as follows:

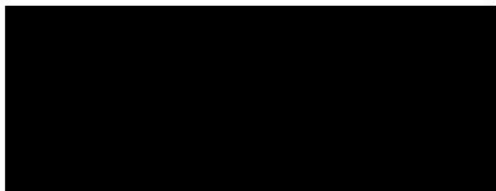
	\$	%
2007/2008 Notional General Income (Adjusted)	3,365,273	
Plus 2008/2009 General Variation	107,689	3.20
Plus Catch up/(Excess) Adjustment	1,069	.03
Special Increase	<u>275,415</u>	<u>8.19</u>
	<u>3,749,446</u>	<u>11.42</u>

The approval is subject to the conditions set out in the attached instrument.

The Minister's approval is on the understanding that the Council makes and levies its rates according to the provisions of the *Local Government Act 1993*. It should be noted that this approval is not an endorsement of the Council's rating structure or the projects that Council is planning to undertake with the additional funding.

It is also on the understanding that Council will continue to review its operations to identify where further efficiencies and tangible savings can be achieved. By applying this special variation all prior period shortfall or excess is eliminated.

Yours sincerely



**LOCAL GOVERNMENT ACT 1993**  
**INSTRUMENT UNDER SECTION 508(2)**

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I, **PAUL LYNCH MP**, Minister for Local Government:

In pursuance of section 508(2) of the *Local Government Act 1993* determine that the percentage by which Blayney Shire Council may increase its general income for 2008/09 is 11.42% above that for 2007/08 subject to the following conditions:

- (i) the Council will raise \$275,415 of the increase by additional rates for the costs associated with the Blayney Community Centre, as defined by the Council, for a period of 10 years; and
- (ii) the Council will reduce its general income for the 2018/19 rating year by \$275,415 plus the equivalent cumulative proportion of this increase from any general variation increases or any special variation increases approved for the 2008/09 to 2017/18 rating years inclusive; and
- (iii) the Council clearly reports in its annual report for the period 2008/09 to 2017/18 for the project and outcomes achieved.

This approval is on the understanding that the Council makes and levies its rates according to the provisions of the *Local Government Act 1993*.

Dated this 27th day of June, 2008.

  
 The Hon Paul Lynch MP  
 Minister for Local Government

**Revenue Policy**

As an organisation, Council is committed to providing revenue-raising policies, which are simple, fair, uniform and more importantly acceptable to the wider community.

Council, at all times, strives to make more effective, efficient and economic use of all available resources by fostering a co-operative approach within the organisation specifically and the broader community generally.

The Local Government Act 1993 prescribes that Council may raise revenue in a number of different ways. These include rates, charges, fees, grants, borrowings and investments.

2008/2009 SOURCE OF FUNDS	AMOUNT	% OF INCOME
Rates	\$3,367,124	23.42%
<i>Special Variation to Rate Income</i>	<i>\$270,000</i>	<i>1.88%</i>
Domestic Waste Management Annual Charges	\$381,000	2.65%
Sewerage Services Charges	\$870,800	6.06%
User Charges & Fees	\$2,713,151	18.88%
Grants, Subsidies & Contributions	\$4,118,867	28.66%
Investment Interest	\$331,500	2.31%
Loans	\$1,700,000	11.83%
Sale of Assets	\$474,950	3.30%
Other Income	\$116,650	0.81%
Transfer from Reserves	\$28,500	0.20%
<b>TOTAL</b>	<b>\$14,372,542</b>	<b>100.00%</b>

Included in this Revenue Policy is Council's pricing policy, proposed borrowings and a schedule of Fees and Charges. Following are the forms of charges that Council will be levying on properties in the 2008/2009 Financial Year.

**Council has made a major change to its rating structure for the 2008/2009 Rating Year. Council has moved from using the minimum rate structure to the base amount rate structure. This will mean that rate payers will pay a rate which comprises a base amount plus an ad valorem amount, which is based on their property valuation as provided by the Office of the Valuer General**

CATEGORY –SUB CATEGORY	BASE AMOUNT	AD VALOREM (cents in the dollar)	TOTAL YIELD
<b>Residential</b>			
Blayney	\$80.00	\$0.00623481	\$584,384
Millthorpe	\$70.00	\$0.00523481	\$166,204
Carcoar	\$60.00	\$0.00423481	\$30,274
Other Areas	\$50.00	\$0.00323481	\$440,354
<b>Business</b>			
Blayney	\$120.00	\$0.00950498	\$133,308
Millthorpe	\$110.00	\$0.00850498	\$16,121
Carcoar	\$100.00	\$0.00750498	\$7,267
Other Areas	\$90.00	\$0.00650498	\$29,885
Limestone Production	\$120.00	\$0.01228685	\$6,853
Slate Production	\$120.00	\$0.01228685	\$1,779
Power Generation	\$120.00	\$0.00316650	\$8,019
<b>Mining</b>			
Gold/Copper Mining	\$200.00	\$0.04579119	\$560,884
<b>Farmland</b>			
Farmland	\$40.00	\$0.00310235	\$1,493,063
<b>TOTAL YIELD</b>			<b>\$3,478,395</b>

**Ordinary Rates**

Ordinary Rates are applied to properties on the basis of independent valuations supplied to the Council on all rateable properties within the Shire boundaries by the Land and Property Information NSW. All of the valuations used in the 2008/09 rating period have a base date of 1 July 2007.

In accordance with s497 of the Local Government Act 1993 the structure of the Ordinary Rate comprises:

- i) a base amount; plus
- ii) an ad valorem component (i.e. a rate levied on the unimproved land value).

Each property is categorised into one of four rating categories. The property is then sub-categorised which determines the base amount and the ad valorem rate that is levied on that property.

**Rates have been calculated to include the 3.2% allowable increase announced by the Minister of Local Government.**



CATEGORY –SUB CATEGORY	BASE AMOUNT	AD VALOREM (cents in the dollar)	TOTAL YIELD
<b>Residential</b>			
Blayney	\$155.00	\$0.00623481	\$673,784
Millthorpe	\$145.00	\$0.00523481	\$188,104
Carcoar	\$135.00	\$0.00423481	\$37,399
Other Areas	\$125.00	\$0.00323481	\$522,179
<b>Business</b>			
Blayney	\$195.00	\$0.00950498	\$144,108
Millthorpe	\$185.00	\$0.00850498	\$17,171
Carcoar	\$175.00	\$0.00750498	\$7,792
Other Areas	\$165.00	\$0.00650498	\$34,460
Limestone Production	\$195.00	\$0.01228685	\$6,928
Slate Production	\$195.00	\$0.01228685	\$1,853
Power Generation	\$195.00	\$0.00316650	\$8,146
<b>Mining</b>			
Gold/Copper Mining	\$275.00	\$0.04579119	\$561,034
<b>Farmland</b>			
Farmland	\$115.00	\$0.00310235	\$1,545,437
<b>TOTAL YIELD</b>			<b>\$3,748,395</b>

INCREASE IN REVENUE

\$270,000

**Special Variation**

Council has resolved to apply to the Minister for Local Government for "permission to apply a Special Variation to General Income for the purpose of funding the loan repayments for the re-development of the Blayney Community Centre" (14th April 2008).

Should the Minister allow Council the Special Variation that it has applied for, the rating structure in the table to the left will be levied.

**This Special Variation equates to an increase of approximately 7.9% over and above that of the 3.2% allowable increase announced by the Minister of Local Government.**

It should also be noted that the duration of this Special Variation levy is being limited to ten (10) years in line with the period of the loan which is being drawn to fund this redevelopment. That is, following the expiration of the loan period the increase in revenue will cease to be levied.